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STATE FOR EEB/IFD/OMA

E.O. 12958: N/A
TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [MZ](#)
SUBJECT: MOZAMBIQUE: BUDGET TRANSPARENCY

REF: A. STATE 28885
[1](#)B. 08 MAPUTO 748

[1](#)1. (U) The following responds to reftel questions on the Government of Mozambique's (GRM) budget and transparency.

[1](#)2. (SBU) The GRM is scheduled to receive and is already receiving U.S. foreign assistance using FY 09 funds. 2009 USG assistance in Mozambique will top \$350 million dollars, including significant funding from PEPFAR, the President's Malaria Initiative (PMI), and the first year of Millennium Challenge Corporation's \$507 million five-year compact. Post also funds initiatives using ESF, DA, IMET, INCLE, and FMF funding sources.

[1](#)3. (U) The GRM's central budget is publicly available on the following website:
www.portaldogoverno.gov.mz/docs_gov/orcamento.

[1](#)4. (SBU) Income and expenditure are included in the budget document at a detailed level due to agreements made between 19 donors, known as the G19 or Program Aid Partners (PAP), which provide direct budget support (Ref B). Donor assistance, including direct budget support, is detailed on odamoz.org.mz. The IMF and World Bank maintain active programs promoting fiscal transparency. On March 18, the G19 signed an MoU with the GRM to continue direct budget support, allocating \$455 million in support for 2009. The 90-page memorandum details the various review and planning processes that require donor and GRM participation and budget transparency. Despite these various mechanisms, the Ministry of Finance made a \$250 million error in its December 2008 FY 09 budget submission which passed through the Parliamentary review process without being noticed, suggesting insufficient institutional transparency and accountability in the GRM and Parliament. Donors later raised the error with the GRM, and the budget was revised. Though the largest donor to Mozambique, the USG maintains a non-voting observer presence in the G19 process at this time because we do not provide direct budget support.
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